



**North Carolina Department of Health and Human Services  
Division of Mental Health, Developmental Disabilities and Substance Abuse Services**

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March 26, 2010

## Memorandum

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**To:** Child and Adolescent Residential Treatment Providers and CAP-MR/DD Service Providers

**From:** Sandee Resnick, Acting Accountability Team Leader  
DMH/DD/SAS, Resource & Regulatory Management Section

**Subject:** 2010 Medicaid Audit of Child and Adolescent Residential and CAP-MR/DD Waiver Services

Between April 20, 2010 and June 3, 2010, the NC Department of Health and Human Services will conduct Medicaid audits of directly enrolled Child and Adolescent Residential Treatment providers and CAP MR/DD Service Providers. **It is very important that you read this memorandum very carefully.**

The list of providers to be audited is posted on the DMH/DD/SA website. The list includes **ONLY** the week during which each provider's audit will occur as well as the audit site. It does not include the individual appointment date or time. **Each provider's individual audit appointment date and time will be distributed at least one week prior to the appointment date.**

Please keep this letter throughout the audit process for reference purposes.

**Note:** All documents required for preparation for this audit event are posted on the DMH/DD/SAS website:

<http://www.ncdhhs.gov/mhddsas/audits/index.htm>



## Audit Process and Components:

- A listing of the directly enrolled Residential and CAP-MR/DD providers to be audited and the audit site information is available on the website identified above. **For specific information on audit tools and instructions, please download the following information from our website:**
  - ✓ **Residential Treatment and CAP-MR/DD Audit Tools.** These tools will determine Medicaid compliance related to a specific date of service and to the staff who provided the service on each date. In addition to these two Medicaid compliance tools, there will be an additional information only CAP-MR/DD monitoring tool related to elements of the Person Centered Plan. (To be posted by 4/9/10)
  - ✓ **Residential Treatment and CAP-MR/DD Auditor Guidelines** (To be posted by 4/9/10)
  - ✓ **Staff Qualifications Checklists** (To be posted by 4/9/10)
  - ✓ **2010 Residential and CAP-MR/DD Provider Audit List** by audit site. \*Please note that this only indicates which **WEEK** your audit occurs. You will be informed of the **SPECIFIC DATE** of your audit in the second letter you receive.
  - ✓ **2010 Residential and CAP-MR/DD Provider Audit List** by agency name. \*Please note that this only indicates which **WEEK** your audit occurs. You will be informed of the **SPECIFIC DATE** of your audit in the second letter you receive.
  - ✓ **Directions** to each audit site.
- **The following information will be sent via UPS one (1) week prior to each scheduled audit week:**
  - ✓ Individual audit appointments (specific date and time)
  - ✓ List of service records to be audited (this list will *not* be posted on the web). The list will include names, birth dates and Medicaid numbers. If an individual's name is listed more than once, it means that more than one date of service was randomly chosen for audit from that person's record.
- All events for the Medicaid audits will be drawn from paid claims. **These paid claims dates include services provided on any date between January 1, 2010 and March 31, 2010. Therefore, service records brought to the audit site must include required documentation that covers services delivered January 1, 2010 through March 31, 2010.**
- All events for the CAP-MR/DD audits will be drawn from paid claims. **These paid claims dates include services provided on any date between January 1, 2010 and March 31, 2010. Therefore, service records brought to the audit site must include required documentation that covers services delivered January 1, 2010 through March 31, 2010.**
- The Residential audit samples will consist of up to ten (10) primary and five (5) backup service dates randomly selected per provider. A total of fifteen (15) events will be identified for possible use in each audit.
- The CAP-MR/DD audit sample will consist of up to fifteen (10) primary and five (5) backup service dates randomly selected per provider. A total of fifteen (15) events will be identified for possible use in the audit.
- If a service event which is included in the audit sample was repaid to Medicaid prior to the provider's receipt of the list of records to be audited, that event will be omitted and the next numbered event from the back-up list will be substituted. Evidence of the repayment will need to be available during the audit.



- On the date of the audit, service records must be present at the audit site indicated on the audit schedule. All individual agencies are responsible for maintaining or arranging the security of their records.
- Each Medicaid/CAP-MR/DD provider must have staff persons who are familiar with agency records available at the audit site.
- **Please note: No faxes of missing service documentation or personnel information will be accepted during the audit. It is very important to bring all required documentation to the audit site.**
- Service documentation needed for the audit **must be indicative of what was current and in place for all possible dates of service from:**  
 For CAP-MR/DD – **January 1, 2010 through March 31, 2010, inclusive.**  
 For Residential – **January 1, 2010 through March 31, 2010, inclusive.**
- Documentation required on-site for all services includes:
  - ✓ **Service Authorizations** for all possible dates of service.
  - ✓ **Service Orders** for all possible dates of service.
  - ✓ **Person Centered Plans** current for all possible dates of service. (Note: this could be a PCP that is prior to the current one, i.e., is not in effect now, but was at the time of the service date being reviewed.)
  - ✓ **For CAP Providers:** Ensure the Risk Identification Tool, a required component of each individual's PCP, is brought to the Audit Site.
  - ✓ **Service Documentation** for all possible dates of service.
  - ✓ **Staff training / qualifications** in place for all possible dates of service, per the Qualifications Checklists posted on the web. This may include evidence of training that was current at the time the service was provided but may not be current at the time of the audit.
  - ✓ **Staff supervision plans and evidence of the supervision taking place** for Para-professionals and Associate Professionals providing services between **the dates noted above.**
  - ✓ Evidence that the provider agency conducted a **criminal background check** of staff person(s) providing services.
  - ✓ **Health Care Personnel Registry checks** current for all possible dates of service.
  - ✓ **Policy and Procedure Manual** including policies in effect for all possible dates of service.
  - ✓ **Legal documents related to guardianship and/or the legally responsible person** when applicable, i.e., in instances where the natural parent is not the guardian of a child, or when an adult has been adjudicated incompetent.

**Please have all items available for review at the audit site. No faxes will be accepted at the audit site.**

#### **Additional Information from the Division of Medical Assistance (DMA):**

- This is a targeted audit on a limited sample of issues identified on the Medicaid audit tools. This audit does not represent all the items or issues that may be reviewed by DMA or other entities such as the NC Attorney General's office as allowed by applicable policies, State and Federal Regulations.
- DMA Program Integrity has the authority and responsibility to expand the scope of this audit as necessary to encompass all applicable recoupment or other sanctions.



### **Audit Completion:**

- At the completion of the record review, the audit team will leave copies of the completed Medicaid audit tools which will include those events found out of compliance. This transaction acts as informal notification of events found out of compliance. Please note that there may be revisions to the on-site findings when the audit tools are reviewed later by an audit team leader.
- **Requests for reconsideration of Medicaid audit findings are directed to the Division of Medical Assistance (DMA).** Information on the DMA process and timelines for submitting such requests will be included in the DMA letters received in conjunction with the formal Summary of Findings report.
- **Out of compliance findings that represent a systemic issue may require a Plan of Correction to be submitted to the Division of MH/DD/SAS.** Information on the DMH/DD/SAS process and timelines for submitting a Plan of Correction will be included in each agency's formal Summary of Findings report.

### **Contacting Us**

- If you have not already provided information via a phone call from a member of the Compliance Unit of the MH/DD/SA Accountability Team regarding the contact person for future communication about the logistics of the audit process, please provide us with that information by April 1, 2010, by contacting Belinda Beardsley at: [Belinda.Beardsley@dhhs.nc.gov](mailto:Belinda.Beardsley@dhhs.nc.gov), (919) 881-2446 or (919) 508-0968 (FAX).
- If you have questions concerning the information in this memorandum, or anything else related to the upcoming 2009 audit event, please contact one of the following people:

Jerry Walton  
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We look forward to a successful audit.

cc: Catharine Goldsmith  
Clarence Ervin  
Patrick Piggott  
DMH/DD/SAS Executive Leadership Team (ELT)

